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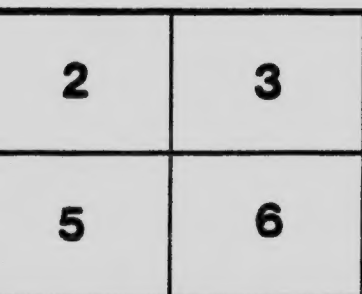
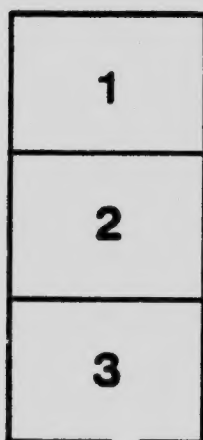
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A New National Policy

Memorandum on the Farmers' Platform as Issued by the Canadian Council of Agriculture, and presented before the National Liberal Convention in Ottawa, on August 5

The Farmer's Platform is an attempt to define a New National Policy for Canada. It is an indictment of that so-called National Policy under which the development of this Dominion has proceeded since 1879. While the Farmers' Platform sets forth the convictions of the organized farmers of Canada, it is not intended as an expression of the self-interested desires of any one class of the Canadian people. It is an appeal to all classes, in behalf of national interests, based on the principle of equal rights to all and special privileges to none.

The fact that Canada is now confronted with national problems of unparalleled magnitude, makes the present time most opportune for the serious consideration of such a policy as is set forth in the Farmers' Platform. The shock to the equilibrium of this country through the arrival of Peace has been more trying and more unsettling than was the shock of war five years ago. Over 400,000 fighting men attached to military forces Overseas, and over 300,000 men and women employed in factories and workshops, served Canada in the recent war. That vast army of servants and employees has been released from its war-time occupation, and thousands of people—mainly young men and women—are waiting to return to the peaceful pursuits of civilian life.

MATERIAL COST OF THE WAR

On the other hand, the material cost of the war is now plain. At the end of the present year, the net debt of Canada will be approximately 2000 million dollars, or \$250 for every man, woman and child, living in the Dominion. Five years ago, the national debt amounted only to \$45 per head. The cost of bearing this greatly increased debt, together with the amount involved in carrying on other departments in the nation's affairs will mean the annual charge of 400 million dollars. The Minister of Finance at Ottawa, after this year, will be faced with the necessity of raising money at the rate of almost \$50 from every living person in Canada in order that the nation's business may be conducted in a satisfactory manner. In 1914, the national revenue required for the administration of federal affairs amounted to



\$21 per head of the population. It is clear, therefore, that with the war-market closed, with the demand for many things which gave employment to men and women entirely absent, and with the world's system of international finance shaken and almost shattered, the problems of industrial development and reconstruction go hand in hand with the more human problem of repatriation. It is clear also, that these problems demand of the Government of Canada the consistent application of a national policy which will strive to create new sources of revenue by transmuting into negotiable wealth the vast natural resources, now lying dormant in the pioneer and unpeopled districts of the country; and which, in doing so, will make fair and equitable adjustment of the burdens of taxation.

Because for forty years the development of Canada has been subject to the influence of a National Policy which has failed to recognize the true sources of this nation's wealth, the recommendations contained in the Farmer's Platform are concerned principally with questions of fiscal reform. For example, the first industry in Canada is agriculture: it is the economic foundation of this country. It is merely a hackneyed truism to say that the whole of Canada prospers in direct ratio to the prosperity of the farmer. And yet, the National Policy of the past 40 years, about which so much has been said in Canada, has consistently ignored the real, true source of the nation's wealth. It has failed to recognize the proper place of the agricultural industry and the farming people, in the life of Canada. By means of the customs tariff, the very instruments of production with which the farmer or struggling settler has sought to develop the virgin areas of the country have been taxed exorbitantly, and are so taxed today; and the result has been to handicap agriculture—to retard the economic growth of the Dominion. The excessive overhead charge which the protective system has placed upon Canadian agriculture, also bears upon such other basic industries as lumbering and mining. All machinery employed in the development of the mines and forests of Canada is subject to the same unreasonable and selfish system of taxation that affects the operations of the farmer and every other primary producer in the land.

ABNORMAL GROWTH OF CITIES

Concentration of population in cities has been the chief accomplishment of this so-called National Policy. The facts on this question are indisputable, and they argue but one thing, namely, that if Canada is to succeed in finding her way through the sea of events of the next three years, to solid ground, she must be guided in her course by a policy which is in truth, as well as in word, a National Policy.

The latest reports of the Dominion census show a persistent tendency towards the growth of the urban centre, even in the agricultural provinces of the West. The increase of population in the urban communities has been more rapid during the past two decades than it has been in the rural districts; and in the old province of Ontario where urban industry has flourished most, the rural people have been depleted and reduced in numbers. In the census of 1911, the urban population of Ontario was shown to have increased by 392,511 in ten years, while the rural population decreased 2,184 during the same period. In old Ontario in 1911, the urban communities represented 1,328,489 people as against 1,194,785 people in the rural districts. Urban industry in old Ontario, stimulated since 1914 by the war, has increased further this marked inequality. Quebec's rural population from 1901 to 1911 increased only 39,951 as compared with an increase of 314,383 in the cities of that province. The rural populations of the three maritime provinces were materially decreased, and in both Nova Scotia and New Brunswick, the urban centres experienced comparatively large increases.

A later census has been published for the Western provinces, and here it is shown that as compared with 75.39 per cent of the population being rural in 1901, the pro-

portions in 1916 were 64.31 per cent rural and 35.69 per cent urban. For a country, scarcely 15 per cent of whose available agricultural lands are yet under cultivation, such a division of the population, as is shown by these figures, is abnormal and unhealthy. In the census of 1911 the urban population of Manitoba, Saskatchewan and Alberta was shown to have increased 92 per cent during the previous ten years, as compared with an increase of only 52 per cent in the rural districts. The recent census of 1916 shows that since 1911, this tendency towards expansion in the cities of the West has continued. In Saskatchewan, the predominant agricultural province of the Dominion, the percentage of rural people in the population has decreased from 84.37 per cent in 1911 to 72.79 per cent in 1916.

CHALLENGE TO STATESMANSHIP

These figures taken from the Dominion census reveal as clearly and as graphically as anything can demonstrate the proportions of Canada's existing social and economic problems. It must be recognized frankly that Canada is, and will be for years to come, a pioneer's country. Agricultural land is Canada's richest natural resource: the bulk of it lies in idleness and waste: the Dominion's greatest need today is people, living and working on the land. These three facts considered together, constitute a first lien upon the constructive genius of any government holding office at Ottawa.

The foundation upon which the old National Policy was laid and has been extended, was the protective tariff—the indirect method of taxation. Protection, favoritism and the cultivation of special privilege in the administration of the national exchequer have been features of the National Policy of the past forty years in Canada. The line between public duty and private interests has been lost sight of in the work of tariff-making, which has unjustly burdened the primary and basic industries of the country, and thus affected the highest welfare of the whole people.

The bed-rock upon which the Farmers' Platform would lay a new National Policy for Canada, therefore, is upon a low customs tariff, and upon the direct methods of taxation. The fiscal policy of Canada's future governments should aim at reducing the customs tariff to a strictly revenue basis. It should be inspired by the crying need of reducing the high cost of living and of production, occasioned by an effort to force production and trade into narrow, unnatural and uneconomic channels through the application of protective duties.

REFORMS IN TAXATION

The war has proved the efficacy of direct taxation as the only wise fiscal policy, yet devised, for countries during a period of great stress such as has been experienced in the past five years. The vital necessity of a sane programme of reconstruction following the war will demand the adoption of the principle of direct taxation in Canada in a much larger measure than has been witnessed in this country in the past, even since 1914. While every other English-speaking country involved in the recent war raised the bulk of its revenue from taxes on property and income, Canada continued to depend largely upon taxes on consumption. In other words, Canada's fiscal policy has never ceased to spare capital and its earnings at the expense of the great mass of consumers and producers. Comparison with countries, which, like Canada, have been free from the ravaging effect of war at home, such as the United States, Great Britain, Australia and New Zealand, reveal the defects of Canada's fiscal measure. Canada has not paid out of current revenue anything like the proportion of total war cost which her war-time prosperity has made possible.

The increased national indebtedness of the Dominion, due to the war, makes more imperative than ever the adoption of the direct methods of taxation as opposed

to the present unjust and unwise system of raising the bulk of the federal revenue by the customs tariff. The Farmers' Platform recommends, therefore, that a graduated personal income tax, a graduated inheritance tax on large estates, a graduated income tax on the profits of corporations, and a direct tax on all unimproved values of land, including all natural resources, be employed to provide the greater part of the revenue for the federal exchequer. The immediate reductions in the customs tariff, recommended in the Farmers' Platform, are the sequel to the proposed reform in taxation, and they are demanded in the belief that such a fundamental change in the National Policy of Canada would react to the benefit of the greatest number of people living in this country.

In the proposal to levy a federal tax on the unimproved values of all lands, it is remembered that this field for revenue now lies exclusively within the scope of the different provinces. Before reaching definite conclusions in connection with this scheme of federal taxation, it would be most advisable to have a joint conference between Dominion and Provincial authorities with the view of avoiding duplication and interference in the application of this particular form of direct tax.

OTHER PROPOSED CHANGES

Another proposed economic reform prominent in the Farmers' Platform is the recommendation relating to the Government ownership of railway, water and aerial transportation, telephone, telegraph and express systems, and all projects in the development of natural power. This question of Government Ownership has been brought prominently before the Canadian people since the outbreak of war through the circumstances leading to the assumption of the assets and liabilities of the Canadian Northern Railway Company, by the Government of Canada. In view of the present difficult railway problem, involving the prospect of competition between one strongly entrenched private system, and several deteriorated systems owned and controlled by the Government, the organized farmers are of the opinion that all the railways of Canada should be combined and organized into one national system, owned and controlled by the people of Canada. The nationalization of such public services as telephone, telegraph and express systems, and all projects in the development of natural power is also favored. The problem of fuel is so vital to the life of Canada that the complete nationalization of the coal mining industry is also recommended.

Only upon a foundation of industrial democracy all round can a political democracy be established. Under the influence of the evils and injustices which flourish in the soil of Protectionism, political corruption has free sway. The protective system, which, in such large measure, is a system of taxation for private benefit, invariably is accompanied by immoral forces which exert a malign influence upon the electorate of the country at times of parliamentary election. Complementary to the foregoing suggestions of reform in taxation, then, is the strong recommendation in the Farmers' Platform, that the law should provide for "the publication of contributions and expenditures both before and after election campaigns."

A final recommendation for reform which is outstanding at the present time in every civilized country, is that asking for Proportional Representation. Proportional Representation is necessary to make parliaments more truly mirrors of the nation, to secure justice as between the larger parties, to give smaller groups a voice, and to lessen sectional antagonism by permitting the return in different parts of the country of members representing minorities, now unheard. The principle of representation by population, so conspicuously upheld in the earlier political life of the Dominion, is still vitally involved in the plea for Proportional Representation in parliament.

Winnipeg, August, 1919



